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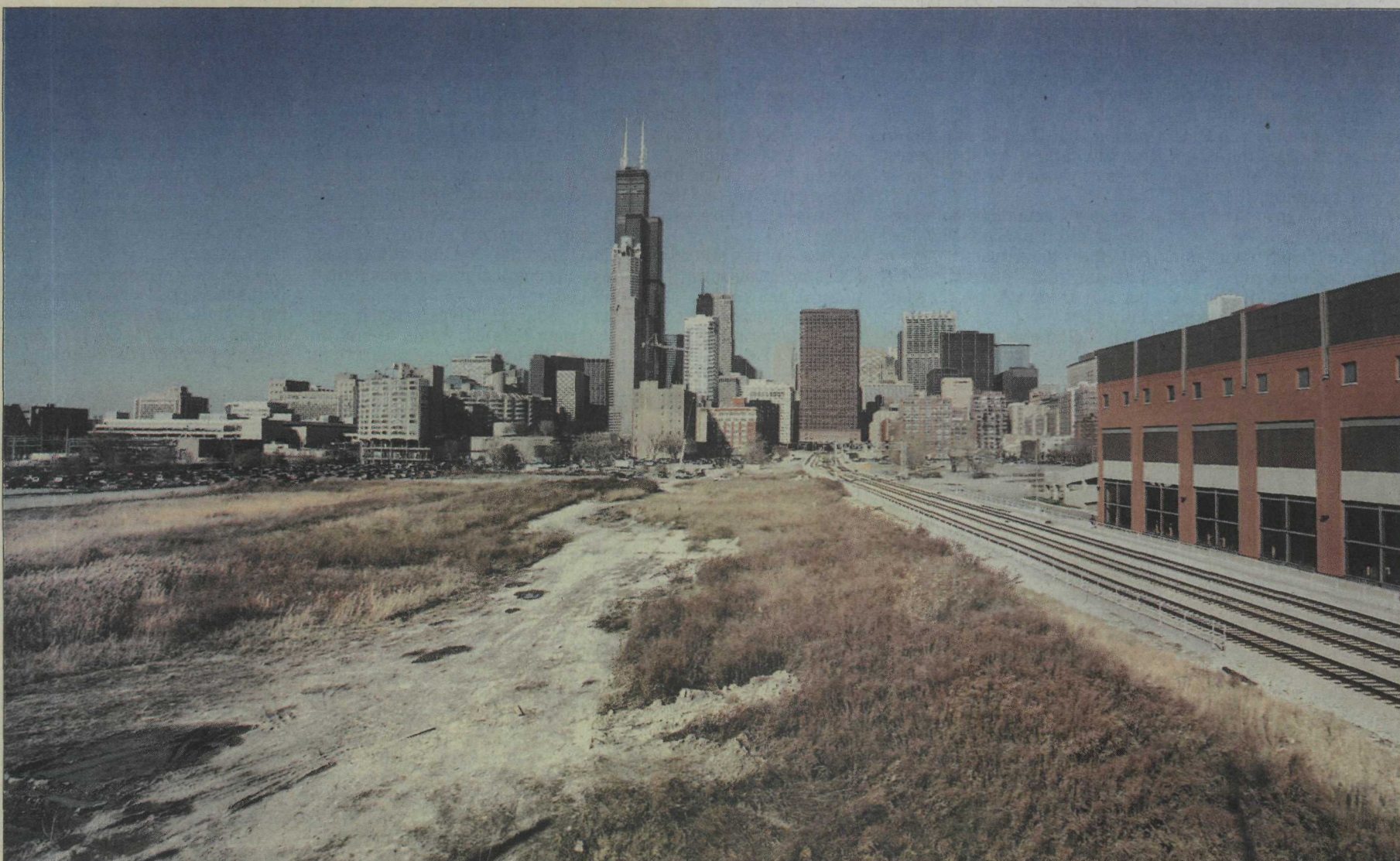
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BUSINESS

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Rising up along Roosevelt



Tribune photo by Phil Velasquez

Centrum Properties plans to develop land just north of Roosevelt Road and west of Clark Street into a mixed-use project with condominiums, parking, retail space and a 2.5-acre park. The drawing below shows the corridor as it is expected to look from the south when it is completed in late 2009.

12-acre project will add high-rise and loft condos, smaller retail spaces in South Loop, where residential development is surging

By Susan Dieneshouse

Tribune staff reporter

A Chicago developer is set to kick off an approximately \$900 million mixed-use project in the South Loop that should accelerate residential development and introduce a new type of retailing to an area where freight railroads and industry once thrived.

On Nov. 16, Centrum Properties Inc. will begin marketing the first phase of the project, called the Roosevelt Collection, which, when finished, will comprise as many as 1,000 condominiums, parking for 1,700 cars, a 2.5-acre park and about 400,000 square feet of retail space.

One industry observer says the development is a "big risk,"

but Centrum says the project will create a new 12-acre neighborhood of housing and small-shop retailing that will help tie together this submarket on the southern edge of downtown.

"We're going to build a town center for the South Loop," said Solomon Barket, a partner in Centrum. "The retail will be a lifestyle center that caters to families."

The condominiums will be priced from \$290,000 to \$600,000, and Barket expects the project to draw buyers mostly from other city locations. Shoppers like-ly will come from Centrum resi-

dences downtown and from the suburbs to the west and south.

Early in 2007, the three-year construction project will start on three levels of above-ground parking, topped by an 800-foot-long, 200-foot wide promenade. Some informal dining will run through the walkway's center.

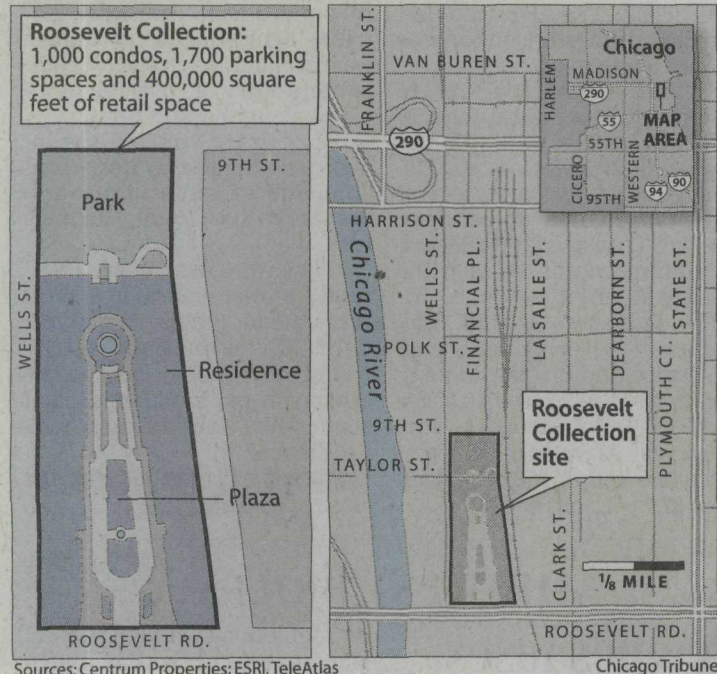
Along the sides will sit two stories of retail filled with about 45 shops selling clothing, accessories and home goods, as well as restaurants and a 16-screen multiplex cinema featuring lounges with waiter service. Rising six stories above the shops will be 360 loft-style

condominiums.

On the northern edge of this cluster of homes and shopping will be a 40-story condominium high-rise on a circular piazza that leads to the 2.5-acre park. Farther north will be a 45-story condominium high-rise.

In 1991, before the recent surge in residential development, downtown Chicago had about 48,000 housing units, including about 4,500 in the South Loop. Now, the downtown housing supply has more than doubled, to approximately 100,000,

PLEASE SEE CENTRUM, PAGE 2



Sources: Centrum Properties; ESRI, TeleAtlas

Chicago Tribune





This Centrum Properties rendering of Roosevelt Collection shows the plaza view of the development, which will accommodate about 45 retail shops on two levels.

CENTRUM: Most units to cost under \$400,000

CONTINUED FROM PAGE 1

with about 13,500 units in the South Loop.

But by 2009, when construction on the entire Roosevelt Collection is scheduled to be completed, a surge of 6,500 new condominiums will have come onto the South Loop market, said Gail Lissner, a vice president of Appraisal Research Counselors, an appraisal and consulting firm.

While sales competition could be fierce, "Roosevelt should have a [marketing] edge with its lifestyle center," she said.

But by building the first retail center of small shops in a neighborhood blanketed more with so-called big-box stores, Centrum will be pioneering a new retail niche, a move that presents rewards as well as risks, said Dennis Shubert, a real es-

tate economist for Boston-based Portfolio Property Research.

"This is a huge project, and these guys are willing to be aggressive because they probably got the land at a discount, which means significant margins," Shubert said.

Barket declined to say how much Centrum agreed to pay for the site. The company plans to close on the property in the first quarter of 2007.

Barket said Centrum plans to borrow about 80 percent of the total project cost and invest the remainder as equity.

Trying to establish a new retail destination is tricky, said Shubert. "The big risk is being the first kid on the block in an area that still has an element of dead after dark."

But Chicago-based retail broker Jacqueline Hayes is more optimistic. "The whole area is underserved and shoppers will come from farther afield," she said.

Hayes, owner of Jacqueline Hayes & Associates Ltd., added a caveat: "The mix of stores has to be right and the design first-class."

Shubert said another possible obstacle Centrum faces is selling condominiums with today's higher interest rates and Chicago

apartment rents that are still relatively low.

"If rents don't pick up, there's no incentive to buy," he said.

Centrum might have room to maneuver. If it did acquire the land at a low price, Schubert said, it might be able to develop a unit for about \$185,000 and sell it for perhaps \$350,000.

But Barket and his partner, John McLinden, think their 767-to-1,432-square-foot condominiums, most of which are priced at less than \$400,000, will sell well among young professionals who work downtown and a few somewhat older suburbanites who want a city hideaway.

Designed by architects RTKL Associates Inc. of Dallas and Hirsch & Associates Inc. of Chicago, the residences will feature 10-foot ceilings, balconies, hardwood floors and views of the city and Lake Michigan.

Centrum has a long track record of residential and mixed-use projects in Chicago, Florida, San Francisco, St. Louis, Boston and Washington, D.C. In Chicago, it is building CityFront Plaza, a \$700 million luxury project with 1,000 residential condominiums and a hotel in three towers just east of Michigan Avenue.

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YOUTUBE PURCHASE

Google wins antitrust

Bloomberg News

WASHINGTON—Google Inc. has won U.S. antitrust approval for its \$1.65 billion purchase of video-sharing site YouTube Inc.

Antitrust authorities ended their review of the transaction, according to a list of terminated merger reviews published by the Federal Trade Commission.

The approval paves the way for Google to buy YouTube, leapfrogging it to the top spot in online video sharing. The acquisition also gives Google a way to tap the Web video advertising market, which will generate \$1.1 billion in U.S. revenue in 2008, up from \$385 million this year, according to market researcher

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U.S. AIRLINES

Complaints up 81% over lost luggage

Bloomberg News

WASHINGTON—U.S. airline passengers' complaints about lost or mishandled bags surged 81 percent in September as fliers checked more luggage to comply with tighter airport security.

The number of complaints rose to 8.25 for every 1,000 passengers on domestic flights from 4.56 a year earlier, the Department of Transportation said Friday. Travelers couldn't take liquids in carry-on bags for most of September.

Airlines' checked-baggage volumes jumped more than 20 percent after the imposition of new security rules on Aug. 10, spurred by a foiled terrorist plot in Britain to blow up jetliners. The U.S. Transportation Security Administration relaxed the rules Sept. 25.

The industry's overall complaint rate, covering items such as service and pricing in addition to lost bags, rose to 0.82 for each 100,000 passengers from 0.79 a year earlier. On-time performance fell to 76.2 percent from 82.7 percent.

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